



NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BANKING

BANKING AND FINANCIAL MARKETS (CBA 2110)

SUPPLEMENTARY EXAMINATION

JULY 2015

This examination paper consists of 4 printed pages

Time Allowed: 3 hours

Total Marks: 100

INSTRUCTIONS TO CANDIDATES

1. Answer **Question 1** and any **three** (3) questions.
2. Start the answer to each question on a fresh page of the answer sheet.
3. All calculations are to be presented in good style and workings should be shown.
4. Questions may be written in any order but must be legibly numbered.

INFORMATION FOR CANDIDATES

1. The paper contains four (4) pages.
2. All questions carry equal marks [25 marks].

Section A

Answer this question

QUESTION 1

- a) Define the following terms relative to credit risk management:
- (i) Specialization in lending [2 marks]
 - (ii) Credit rationing [2 marks]
 - (iii) Loan commitments [3 marks]
- b) Discuss four strategies of asset management which may be implemented by management of banks. [8 marks]
- c) Assess the trade-off between safety and return to equity holders in a financial institution. [10 marks]

TOTAL [25 MARKS]

Section B

Answer any **three** (3) questions from this section

QUESTION 2

- a) Discuss the improvements which retail banks have made to their facilities in recent years in order to enhance their capacity to attract both the retail and corporate customers. [25 marks]

TOTAL [25 MARKS]

QUESTION 3

- a) Define financial inclusion. [2 marks]
- b) Apart from the Grameen banking model, discuss any four credit lending models that can be adopted by microfinance institutions. [23 marks]

TOTAL [25 MARKS]

QUESTION 4

- a) What were the major influences on the development of the Japanese banking system? [15 marks]
- b) Discuss the operational modalities of Stockvels in the South African financial system. [10 marks]

TOTAL [25 MARKS]

QUESTION 5

- a) State four targets of monetary policy. [4 marks]
- b) Explain three elements of regulation of financial institutions. [6 marks]
- c) Evaluate the need for central banks to supervise the liquidity of commercial banks. [15 marks]

TOTAL [25 MARKS]

QUESTION 6

- a) State four participants on the money market and explain their motivation of participating on that market. [12 marks]
- b) Discuss the concept of bond rating and assess its significance on the global capital markets. [13 marks]

TOTAL

[25 MARKS]